

Arixona State Cand Department

1616 WEST ADAMS

PHOENIX, ARIZONA 85007



January 15, 1997

Mr. Terry Owens Cyprus Bagdad Copper Corporation P.O. Box 245 Bagdad, Arizona 86321

RE; Water Agreements for State Leases: 03-1393, 03-31360, 03-877, 03-878

Dear Terry:

Enclosed are the Arizona State Land Department Monthly Groundwater Withdrawal forms.

Please use the reporting forms we have provided. Even if the well is no longer in service, you will need to report -0- usage. Also, the royalty due date and minimum annual use amount is posted on all forms for record keeping.

Because your current water agreements expire on March 18, 1997, I have adjusted the report forms to reflect this date. As a result, there are two March reporting forms: one for the current agreements and the other for the new, but not yet finalized, agreements.

The applications are still in the appraisal section. I will notify you as soon as they notify me on any progress.

If you have any comments or questions on the forms, please call me at (602) 542-3500.

Sincerely,

Jan Laney

Water Resource Specialist

Water Rights Management Section

JL:ifg

Enclosure